

SENATE BILL

No. 18

Introduced by Senator Escutia
(Principal coauthor: Senator Burton)
(Coauthors: Senators Polanco and Vincent)
(Coauthors: Assembly Members Firebaugh and Frommer)

May 17, 2001

An act to add Section 366.7 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 18, as introduced, Escutia. Public utilities.

Existing law imposes various duties and responsibilities on the Public Utilities Commission with respect to electrical corporations.

This bill would require the commission to direct, after it has determined that the rate freeze for an electrical corporation has ended, the electrical corporation to establish a portfolio of electric supplies to serve the needs of the electrical corporation's bundled core customers, as defined. The bill would also require the core supply portfolio to include the output of the generation assets retained by the electrical corporation under commission regulation, along with supplies purchased by the electrical corporation under contracts to serve the needs of core customers, and any spot market supplies required to match core load.

The bill would authorize the commission to establish guidelines for the appropriate composition of the core portfolio, as specified.

The bill would prohibit, beginning 90 days after the end of a corporation's rate freeze, as determined by the commission, or 90 days after the effective date of this bill, whichever is later, customers with a

maximum peak demand of 500 kilowatts or greater from being served from the core portfolio. The bill would require those customers to be designated as noncore. The bill would require that any noncore customer that does not obtain service through a direct transaction be provided with energy purchased by the electrical corporation exclusively from the spot market, and would require the customer to be charged the cost incurred by the electrical corporation in providing such service.

Because, under existing law, a violation of the above provisions would be a crime, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 366.7 is added to the Public Utilities
- 2 Code, to read:
- 3 366.7. (a) Once the commission has determined that the rate
- 4 freeze established pursuant to Section 368 for an electrical
- 5 corporation has ended, the commission shall direct the electrical
- 6 corporation to establish a portfolio of electric supplies to serve the
- 7 needs of the electrical corporation's bundled core customers.
- 8 (b) For the purposes of this section, "bundled core customers"
- 9 are all customers with a maximum peak demand of less than 500
- 10 kilowatts who are not being served via direct transactions.
- 11 (c) The core supply portfolio shall include the output of the
- 12 generation assets retained by the electrical corporation under
- 13 commission regulation, along with supplies purchased by the
- 14 electrical corporation under contracts to serve the needs of its core
- 15 customers, and any spot market supplies required to match core
- 16 load.
- 17 (d) The commission may establish guidelines for the
- 18 appropriate composition of the core portfolio, including a



1 minimum renewable energy component, and may also establish
2 appropriate financial incentives for the electrical corporation to
3 achieve the lowest stable price for the core portfolio.

4 (e) Beginning 90 days after the end of the corporation's rate
5 freeze, as determined by the commission, or 90 days after the
6 effective date of this section, whichever is later, customers with a
7 maximum peak demand of 500 kilowatts or greater will no longer
8 be served from the core portfolio. These customers shall be
9 designated as noncore. Any noncore customer that does not obtain
10 service through a direct transaction shall be provided with energy
11 purchased by the electrical corporation exclusively from the spot
12 market, and shall be charged the cost incurred by the corporation
13 in providing the service.

14 SEC. 2. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.

